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UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION - DETROIT

In the matter of U.S. BANKRUPTCY
E.D. MICHIGAN-DETROIT

CITY OF DETROIT, MICHIGAN

Case No. 13-53846-swr
Chapter 9
Hon. STEVEN W. RHODES

Debtor _____/

**OBJECTION TO CITY OF DETROIT'S DISCLOSURE STATEMENT
WITH RESPECT TO PLAN OF ADJUSTMENT [DOCKET 2709]**

FILED BY: Richard Drumb

Richard Drumb hereby states his/her/their OBJECTION TO:
CITY OF DETROIT'S DISCLOSURE STATEMENT WITH RESPECT TO PLAN OF
ADJUSTMENT [DOCKET 2709]

for the following reasons.

1. (I) we am/are interested in the Bankruptcy of the City of Detroit because
I am a resident of the City of Detroit and a vested
pension holder.

2. (I) we object to the above filing because:
see attached (2 pages)

3. I have/ have not attached additional sheets to explain and establish my position.

I hereby certify that the statements made herein are true and correct under penalty of
perjury and contempt of Court under the laws of the United States of America.

Wherefore (I) we request the Court will deny the relief sought in said filing.

Name: Richard Drumb

Signature: Richard Drumb

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Detroit MI 48236

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Dated:

Objection to City of Detroit's Disclosure Statement With Respect to Plan of Adjustment

As an accountant who has been intimately involved in the City's General Fund cash management, accounting and financial reporting since February 2008, it is my opinion that the "haircut" asked of City retirees and employees in the Plan of Adjustment (POA) is too extreme. While I agree some sacrifice is necessary, the cuts to pension benefits proposed in the emergency manager's plan of adjustment are too much and unnecessarily harm the retirees and City employees with a vested pension interest.

It is my opinion, that the City can still meet its cash needs and have additional cash to fund public safety and other essential services without cutting so deeply into the pension amounts owed retirees. The changes made this year (Fiscal Year 2013-14) to health care for retirees and active employees will yield significant savings to the City and substantially reduce the OPEB (Other Post-Employment Benefits) liability. The savings from cuts to OPEB, employee health care and other POA savings will provide additional liquidity/funding to improve essential City services while still producing annual General Fund surpluses in future years even with making reduced contributions to the pension funds, which are not contemplated in the POA for the next ten years.

The POA for retiree's pension benefits are based on too many flimsy assumptions that could very well collapse before long and result in substantial reductions to the pension benefits. There is a huge risk that the "Grand Bargain" will collapse before a single dollar is collected. Already the Water and Sewer deal has collapsed. The City was counting on over \$600 million to fund pensions from that deal. It is debatable whether the DIA can raise \$100 million and whether the foundations will be able to raise their share. The POA does not include any contribution by the City to the two pension funds in the next ten years. Who, except those under duress (threatened loss of substantially all their pension benefits), could vote yes to such a deal?

The POA does not spell out what the impact will be on the individual vested pension holder. Before a retiree votes on the POA they should be given the annual amount of pension and benefits they would receive before the bankruptcy and the amount they will receive under the POA. The loss of pension and benefits should be clearly stated in the voting documents for everyone with a vested interest in the retirement plans to see.

Also, arbitrarily taking excess earnings from General Retirement System annuitants received during the period 2003-2013 is unfair and discriminatory against recent retirees and active City employees. Those annuitants who retired before 2003 received substantial excess earnings on their annuities that pale in comparison to those received during the period 2003-2013. Should the excess earnings from my annuity be taken to pay the pension of someone who has an unimpaired annuity of over \$500,000?

Furthermore, it is unfair to ask retirees to vote on the POA when a yes vote will yield them a better benefit. It is as if their vote has been bought. Some will vote yes hoping the others will kill the deal but in case they don't they guarantee themselves a better yield.

It's for this court and possibly other courts to determine whether or not through a Chapter 9 bankruptcy a government/debtor employer can: (1) be relieved of its State constitutional

Objection to City of Detroit's Disclosure Statement With Respect to Plan of Adjustment

obligations to a legally established independent pension trust; (2) dictate how distributions will be made to beneficiaries of the independent pension trust; (3) discriminate in reallocating pension trust benefits and distributions such as the excess annuity earnings discussed above; and (4) disband the independent pension trust altogether and transfer the assets to another trust more to the liking of the debtor. Also, a court may have to decide whether a creditor can "claw" back funds from the pension trusts for pension obligation certificate proceeds that were defaulted on by the City/debtor.

The POA includes \$520 million for blight clearance. The Quality of Life loan of \$120 million also pledges substantial funding for blight clearance. The blight in the City is a result of the abandonment of the City by industry and residents. It is equivalent to a disaster on the order of Hurricane Katrina. Were the retirees of New Orleans required to finance the clean-up of Katrina? Why should the City of Detroit retirees be asked to pay for the blight clearance? While blight elimination is necessary for the City, other funding means should be sought such as federal grant aid. It would be a worthwhile investment for the federal government to clean up the blight in Detroit. Is it really necessary for the City of Detroit to take dollars promised to retirees and use them to clear the blight? If the retirees pay for the blight clearance they should at least be given the title to the cleared property.

Why are the bankruptcy lawyers, accountants, consultants, and fee examiners paid such excessive amounts? Some consultants have stated that the costs are high because in the long run they save the bankrupt client millions of dollars. The savings will mainly be coming from the promised pension and health care benefits to retirees and employees of the City, which does not justify these excessive payments. It is incredible that retirees can be asked to give up so much and the bankruptcy professionals can make so much. Will the City one day be able to go into their pension accounts and take back the excessive payments made to them?

I was a City of Detroit employee and have a vested pension interest and don't want to lose my benefits. However, I am also a resident of Detroit who has experienced the poor City services and continue to do so. The impact of the City's General Fund deficits and resulting cuts in personnel and operating resources have reduced essential City services, especially public safety, to a substandard level. Additional funding is needed to restore services to an acceptable level.

However, there are social issues in Detroit including poverty, racial injustice, the poor education system, crime and lack of civic responsibility that cannot be resolved through the bankruptcy and spending more for City services. The Federal and State governments since the "Great Society" programs of the 1960s threw away lots of cash in an unsuccessful attempt to solve these issues, but only managed to concentrate them in places like Detroit, where they have grown worse. The residents trapped in these circumstances need to be rescued. These issues need to be resolved before the City can attract and keep new residents/taxpayers and consistently generate the revenues to provide the quality City services that everyone has a basic right to.

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